

W E - N A P O R T S
B R W O 06-25454
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Sec 2.7

LIQUIDATION TRUST AGREEMENT

This Liquidation Trust Agreement (the "Liquidation Trust Agreement") is made this ____ day of May, 2007 by and among R. Todd Neilson (the "Chapter 11 Trustee"), as Chapter 11 Trustee of Le-Nature's, Inc., Le-Nature's Holdings, Inc. and Tea Systems International, LLC (each a "Debtor" and, collectively, the "Debtors"), and _____, as trustee (the "Liquidation Trustee").

RECITALS

WHEREAS, on either November 3, 2006 or November 6, 2006, each of the Debtors filed voluntary Chapter 11 petitions with the United States Bankruptcy Court for the Western District of Pennsylvania (the "Bankruptcy Court"); and

WHEREAS, on _____, 2007, the Bankruptcy Court entered its "Findings of Fact and Conclusions of Law Relating to, and Order Under 11 U.S.C. §§ 1129(a) and (b) Confirming, the Amended Joint Chapter 11 Plan of Liquidation of the Official Committee of Unsecured Creditors, the *Ad Hoc* Committee of Secured Lenders, and the *Ad Hoc* Committee of Senior Subordinated Noteholders," docket number ____ (the "Confirmation Order"), which Order confirmed the "Second Amended Joint Chapter 11 Plan of Liquidation of the Official Committee of Unsecured Creditors, the *Ad Hoc* Committee of Secured Lenders, and the *Ad Hoc* Committee of Senior Subordinated Noteholders" (as so modified, confirmed and implemented, the "Plan");¹ and

WHEREAS, the Plan's Effective Date occurred on _____, 2007; and

WHEREAS, the Plan contemplates, on the Effective Date, (a) the creation of a liquidation trust (the "Liquidation Trust") and the creation of the beneficial interests in the Liquidation Trust of holders of Allowed Claims in Class 1, Class 4A, Class 4B, Class 4C, Class 5 and Class 6 (collectively, the "Beneficiaries" and, each individually, a "Beneficiary"), and (b) the Liquidation Trust will be vested with Cash and certain other Estate Assets (including without limitation the right to prosecute and settle Estate Causes of Action) (collectively, the "Liquidation Trust Assets") to be liquidated and distributed to holders of certain Allowed Claims and to the Beneficiaries, as set forth in the Plan; and

WHEREAS, the Plan contemplates that, pursuant to Treasury Regulation Section 301.7701-4(d), the Liquidation Trust shall be created for the primary purpose of liquidating the Liquidation Trust Assets in an expeditious but orderly manner for the benefit and at the direction of the Beneficiaries, with no objective to continue or engage in the conduct of a trade or business, except to the extent reasonably necessary to and consistent with the liquidating purpose of the Liquidation Trust and the Plan; and

¹ Capitalized terms not otherwise defined herein shall have the meanings ascribed thereto in the Plan.

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any other agreement entered into pursuant to or in connection with the Plan. Without limiting the duties, obligations, rights and benefits of the Liquidation Trustee under this Section or any other provision of this Liquidation Trust Agreement, the Liquidation Trustee shall have all duties, obligations, rights and benefits assigned to the Liquidation Trustee under the Confirmation Order. Notwithstanding any other provision of this Liquidation Trust Agreement, the Liquidation Trustee shall have no responsibility for the signing or accuracy of the Debtors' income tax returns that are due to be filed after the Effective Date or for any tax liability related thereto.

2.6 Allowed Administrative Claims Reserve. The Liquidation Trustee may establish, from time to time fund and administer a reserve (the "Allowed Administrative Claims Reserve"), that shall consist of Cash in an amount reasonably believed by the Liquidation Trustee to be necessary to satisfy the Allowed Claims payable out of the Liquidation Trust Assets to holders of Administrative Claims, Priority Tax Claims, Fee Claims and Holders of Allowed Claims in Class 2 and Class 3. The Liquidation Trustee shall be authorized to make distributions from the Allowed Administrative Claims Reserve in satisfaction of such Allowed Claims in accordance with this Liquidation Trust Agreement, the Plan and the Confirmation Order.

2.7 Replacement of the Liquidation Trustee. A majority of the Liquidation Trust Oversight Board may dismiss the Liquidation Trustee with or without cause. The Liquidation Trustee may resign at any time upon thirty (30) days' written notice delivered to the Bankruptcy Court and the Liquidation Trust Oversight Board, provided that such resignation shall only become effective upon the appointment of a permanent or interim successor Liquidation Trustee. The Liquidation Trustee may be removed by the Bankruptcy Court upon application and after notice and a hearing, which application may be brought by any party in interest (including any members of the Liquidation Trust Oversight Board). In the event of the resignation or removal of the Liquidation Trustee, the Liquidation Trust Oversight Board may, by majority vote, designate a person to serve as successor Liquidation Trustee, provided, however, that such majority vote shall include the vote of at least one member of the Liquidation Trust Oversight Board that is a designee of the Ad Hoc Noteholder Committee, the vote of at least one member of the Liquidation Trust Oversight Board that is a designee of the Ad Hoc Lenders' Committee and the vote of at least one member of the Liquidation Trust Oversight Board that is a designee of the Official Committee of Unsecured Creditors. If the Liquidation Trust Oversight Board shall fail to appoint a successor with thirty (30) days, the successor Liquidation Trustee shall be appointed by the Bankruptcy Court based upon submissions from interested parties (including the Liquidation Trust Oversight Board or any Beneficiary). Upon its appointment, the successor Liquidation Trustee, without any further act, shall become fully vested with all of the rights, powers, duties and obligations of its predecessor and all responsibilities of the predecessor Liquidation Trustee relating to the Liquidation Trust shall be terminated. In the event the Liquidation Trustee's appointment terminates by reason of termination without cause, death or Disability (meaning herein, incapacity resulting in the inability to perform services for three consecutive months or in the aggregate of 180 days during any 12 month period), the original Liquidation Trustee (or his estate or representative) and any successor Liquidation Trustee shall share any remaining compensation pro rata based on the total number of weeks spent by each as Liquidation Trustee hereunder. In the event of the removal or resignation of any Liquidation

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Trustee, such Liquidation Trustee (or his estate or representatives) shall be immediately compensated for all reasonable fees and expenses accrued through the effective date of termination, whether or not previously invoiced. The provisions of Article V shall survive the resignation or removal of any Liquidation Trustee.

2.8 Liquidation Trust Continuance. The death, dissolution, resignation or removal of the Liquidation Trustee shall not terminate the Liquidation Trust or revoke any existing agency created by the Liquidation Trustee pursuant to this Liquidation Trust Agreement or invalidate any action theretofore taken by the Liquidation Trustee, and the successor Liquidation Trustee agrees that the provisions of this Liquidation Trust Agreement shall be binding upon and inure to the benefit of the successor Liquidation Trustee and all its successors or assigns.

ARTICLE III LIQUIDATION TRUST OVERSIGHT BOARD

3.1 Liquidation Trust Oversight Board. As of the Effective Date, the Liquidation Trust Oversight Board shall be comprised of the following seven members selected pursuant to the provisions of the Plan (each, a "Member", and, collectively, the "Members"): _____ (the "Lender Representatives"), _____ (the "Unsecured Creditor Representatives"), and _____ (the "Noteholder Representative"). Should any of the Lender Representatives resign from the Liquidation Trust Oversight Board, replacements shall be selected by the *Ad Hoc* Lenders' Committee, or, should the *Ad Hoc* Lenders' Committee cease to be in existence, by a Person designated by the *Ad Hoc* Lenders' Committee in its sole discretion prior to its dissolution. Should any of the Unsecured Creditor Representatives resign from the Liquidation Trust Oversight Board, replacements shall be selected by a representative of the Official Creditors' Committee, designated in that committee's sole discretion before the Effective Date. Should the Noteholder Representative resign from the Board, the replacement shall be selected by the *Ad Hoc* Noteholders' Committee, or, should the *Ad Hoc* Noteholders' Committee cease to be in existence, by a Person designated by the *Ad Hoc* Noteholders' Committee in its sole discretion prior to its dissolution. The terms of the Lender Representatives shall expire, and the three remaining Members shall continue as a reconstituted Litigation Trust Oversight Board, when the Lenders Claims have been paid in full as provided under the Plan. Except as otherwise expressly provided herein, a majority vote of the Members shall constitute an act or decision of the Liquidation Trust Oversight Board. A Person shall not be disqualified from serving as a Member as a consequence of that Person's employment or affiliation with an Entity engaged in the trading of Claims against or Interest in a Debtor, provided that an internal "ethical wall" has been created prohibiting such Person from discussing or sharing any information about the Debtors with others employed by or affiliated with the Entity engaged in such trading activities.

3.2 Reports to Liquidation Trust Oversight Board. Notwithstanding any other provision of this Liquidation Trust Agreement, the Liquidation Trustee shall report to the Liquidation Trust Oversight Board on a regular basis, not less than 2 times per year, which reports shall include such matters and information as reasonably requested by the Liquidation Trust Oversight Board. The Liquidation Trust Oversight Board shall keep all such information strictly confidential, except to the extent the Liquidation Trust Oversight Board deems it